

VALUE CREATION AND CUSTOMER RETENTION OF QUOTED PHARMACEUTICAL COMPANIES IN NIGERIA

By

¹IBIKUNLE, T. D. & ²OGUNTUASE, I. E.

*¹Department of Entrepreneurship, School of Management Sciences, Olusegun Agagu University of Science and Technology, Okitipupa, Ondo State, Nigeria.

²Department of Business Management, School of Management Sciences, Olusegun Agagu University of Science and Technology, Okitipupa, Ondo State, Nigeria.

*Correspondence: td.ibikunle@oaustech.edu.ng

Abstract

Pharmaceutical companies have a vital role in assuring that people have opportunity to high- quality and affordable medications from preventive care to emergency interventions. Despite the contribution of the companies to citizens in developed and developing countries, the performance of the companies has been on decline in customer retention. Studies revealed that many companies have not adequately incorporated value creation activities in their operations. The study identified the effect of value creation on customer retention of quoted pharmaceutical companies in Nigeria. The study adopted a survey research design. The population was 308 made up of executive manager, directors and marketing department official in these quoted pharmaceutical companies in Nigeria. Data was collected using a valid and reliable questionnaire with a Cronbach alpha value greater than 0.7. Data were analysed using both descriptive and inferential statistics. The results revealed that value creation had significant effect on customer retention of quoted pharmaceutical companies in Nigeria ($\text{Adj. } R^2 = 0.229$, $F(4, 297) = 23.306$, $p < 0.05$). The study concluded that value creation had significant effect on customer retention of quoted pharmaceutical companies in Nigeria. The paper recommended that management of quoted pharmaceutical companies should adopt proactive marketing strategies and reward programs in other to enhance performance.

Keywords: Value creation, Market value creation, Strategic value creation, Customer retention.

1.0 Introduction

Pharmaceutical companies play a major role in ensuring that people have access to high quality and affordable medical services. They provide a wide range of medical services, from preventative care to emergency services. Hence, efforts have been made by different stakeholders to ensure that the pharmaceutical companies remain accessible, affordable, and of high quality. Governments have implemented rules and regulations that protect patients to ensure that pharmaceutical companies meet certain standards. The healthcare industry is an ever evolving and complex industry that requires an entrepreneurial orientation and value creation in order to maintain high performance. Despite the contribution of pharmaceutical companies to the social and economic growth of citizens in both developed and developing countries, their performance may not have been as expected. Globally, the pharmaceutical company's significant growth, customer retention remains a challenge. The global healthcare

expenditure is projected to reach \$11.4 trillion by 2023, with a compound annual growth rate (CAGR) of 4.9% from 2019 to 2023 (Otterbein, 2020). Key drivers of this growth include: increased demand for medicines, advances in medical technology, rising government spending on healthcare. Also, pharmaceutical companies have benefited from the emergence of new markets, which have provided new opportunities for growth (Riedl, 2022). Despite these positive trends, the industry has faced numerous challenges, including rising drug prices, tighter regulations, and patent expirations. These challenges have made it difficult for the industry to sustain its growth. In addition, one of the major challenges facing the global pharmaceutical companies is the lack of accessibility to healthcare services and medicines. Despite advances in medicine and technology, many people in developing countries still lack access to basic healthcare services and medicines due to high costs and limited resources. Again, many countries lack the infrastructure and resources to provide quality healthcare services, which have affected the global performance of the healthcare sector (Garfinkel et al., 2022; Oleribe et al., 2019).

Report Linker (2021) agreed that *Japan Pharmaceutical market studied was anticipated to show a slow market share growth with a CAGR of 1.06%. The pharmaceutical companies has experienced modest growth patterns in recent years. Strong regulation and pricing systems, along with frequent price cuts, these made it almost impossible for pharmaceutical drug manufacturers to launch new revolutionary drugs.* The Office of Pharmaceutical Industry Research (OPIR) report agreed that Japan's pricing policy has raised serious concern among large multinational pharmaceutical companies, which are wary of a potentially lower return on investment (Lin, 2021). Japan's pharmaceutical companies has warned that the supply of some medicines may be interrupted if the National Health Insurance (NHI) drug prices remain low and claimed that the current price policy has discouraged drug manufacturers from launching new products in Japan resulting to low productivity, customer retention and financial growth. The current volatility in Japan's policy environment puts this progress at risk as new medicines and indications may only become available after been launched in more stable markets (Damond, 2021).

The Pharmaceutical companies in Africa have seen significant growth over the past decade. Between 2006 and 2017, the market size of the pharmaceutical companies in Africa had grown from around US\$20 billion to almost US\$40 billion (Maina et al., 2019). The African Pharmaceutical companies has seen growth in both production and sales, with the continent now home to more than 1,500 Pharmaceutical companies. The industry is estimated to be worth around US\$41 billion and is growing at an average rate of 7.2 percent annually (Fenny et al., 2018). This growth has been supported by a number of factors, including increasing demand for medicines, rising incomes and improved access to healthcare. At the same time, the industry has faced numerous challenges. These include poor infrastructure, lack of access to capital, and weak regulations, high cost, distance and poor customer retention. As a result, the industry has been unable to keep pace with the needs of the African population (Mbunge, 2020). This means that many customers are consistently unable to receive the care they need, resulting in customer attrition (Ouma et al., 2018). However, the pharmaceutical sector in Ghana is challenged by counterfeiting, inadequate regulatory oversight and inadequate infrastructure (Amporfro et al., 2021). In addition, the pharmaceutical companies in Ghana are under-resourced, with

many companies facing a shortage of personnel and financial resources. This limits their ability to produce and distribute drugs efficiently, resulting in delays in the delivery of products to customers. Similarly, the high cost of production in the pharmaceutical companies in Ghana has resulted in an increase in prices of drugs, which decreases the number of customers who can afford them. This has led to a decrease in customer retention (Peprah et al., 2020; Umeh, 2018).

The performance of Pharmaceutical companies in Nigeria is poor compared to other countries in the region (Borishade et al., 2018). Nigeria has one of the lowest levels of health expenditure in Africa, with only 4% of its gross domestic product (GDP) dedicated to health. As a result, the country has some of the lowest rates of access to healthcare in the world, with only 41% of its population having access to basic healthcare services (Arumona et al., 2019). Nairametrics (2024) revealed that chemicals and pharmaceutical product were ranked 9th position among the 10th fastest growing sector in the economy, from the latest report by the National Bureau of Statistics. The chemical and pharmaceutical products sector has shown healthy growth of 6.40%. In 2022, this sector had a higher growth rate of 9.44%, indicating a slight deceleration, yet it remain a vital component of the economy which needs value creation and entrepreneurial orientation strategy to increase their performance. The sector is grapples with the influx of substandard and counterfeit drugs, limited research and development, and competition from cheaper imports. Regulatory challenges and high cost of local production also pose significant barriers to market share growth and customer retention. In addition, Nigeria has an inadequate number of health workers, with only 1.5 doctors and 2.5 nurses per 10,000 people (Ajibo, 2020; Onwujekwe et al., 2020). Furthermore, the country has a low life expectancy at birth of 54 years. These factors have contributed to the poor performance of the healthcare sector in Nigeria. Consequently, many Pharmaceutical companies in Nigeria lack adequate funding, infrastructure, and medical supplies and equipment. The sector is plagued by a lack of basic medical equipment, inadequate medical personnel, inadequate medical training, and poor access to health services (Potluri & Angiating, 2018). This is mainly due to weak governance and lack of political will to invest in the sector. This has led to decline in the performance (i.e customer retention, productivity, competitive advantage and market share growth) of the pharmaceutical companies in Nigeria (Asakitikpi, 2019). Also, corruption continues to be a major problem in the Nigerian healthcare sector, with reports of bribery and other forms of malfeasance impacting the quality of care that patients receive (Onwujekwe et al., 2020).

Several scholars like Asaolu et al. (2014); Mukhtar et al. (2015); Nuryakin et al. (2018); Asheq and Hossain (2019); Yalo et al. (2019); Nangpiire and Bangniyel (2019); Bamfo and Kraa (2019); Agbobli et al. (2017); Onditi et al. (2020); Arshada et al. (2020); Weinstein (2020); Abdul-Qadir et al. (2021); Akpa, Shodunke, Makinde and Nwankwere (2022) carried out research works on value creation, service quality, organisational sales performance, mediating effect on value creation, entrepreneurial innovativeness on SMEs performance, value creation and firm innovativeness of Small and Medium Sized enterprises in countries like Europe, Bangladesh and Nigeria. But these research works correlate with market orientation, satisfaction of employees, brand orientation and customer orientation but existing gaps discovered among the past studies where most studies failed to examine effect of value creation on customer retention of quoted pharmaceutical companies in Nigeria. Most of these

studies on value creation and entrepreneurial innovativeness is related to marketing performance of SMEs such as return on capital and core competencies. Pharmaceutical Society of Nigeria (PSN) (2021) argued that pharmaceutical companies in Nigeria might find it difficult to achieve its performance measures in terms of increase in medical tourism, medical personnel traveling to different countries for better working conditions. It has been observed that many customers do not feel that their healthcare provider is creating value for them, which has led to a loss of trust (Grover et al., 2018). This has resulted in customers switching to other pharmaceutical companies or not being loyal to their healthcare provider. Similarly, many customers are less likely to seek out the same pharmaceutical companies once they do not feel that they are getting value from them. This has led to decreased customers shopping around for other pharmaceutical companies (Freudenreich et al., 2020). In the same vein, when customers feel that their pharmaceutical companies is not creating value for them, they are likely to spread negative word of mouth about the provider, which can lead to further loss of customers (Olsen, 2021). Therefore, the study filled the gap in knowledge, to identify the effect of value creation dimensions on customer retention of quoted Pharmaceutical Companies in Nigeria.

2.0 Literature Review

2.1 Value creation

Nwankwo et al. (2019) defined value creation means the ability to discover untapped sources of customer value and to create unique combinations of resources to produce innovative value. Akpa, Shodunke, Makinde and Nwankwere (2022) defined value creation as the invention or reconfiguration of firm assets or competencies that constitute an original or unique addition to firm rents. Value creation is defined as the ability of an action to bring about an increase in the worth of a product or service and a business in general (Cabral, Mahoney, McGahan & Potoski, 2019; Akpa et al., 2022). Value creation concept in an organization is a determinant variable of company's innovative activities (Nuryakin et al., 2018; O'Cass & Sok, 2013). Managers and employees have important roles in creating the value because study showed that innovation capability have a positive effect in the organization ability to bargain value, and eventually will affect the performance (Nuryakin et al., 2018). Value creation is the central part of a firm's entrepreneurial and marketing orientation (Rezvani & Khazaei, 2014). Value creation can be created when the attributes of a product (e.g., service, design, price, or packages) match with the specific needs of customers (Nwankwo et al., 2019). Porter and Kramers (2018) conducted value chains analysis by studying company activities which have direct effect to the value creation, and supporting activities so that they affect the value and eventually will affect performance. Value creation enhances the performance of organisation especially when combined with other strategic initiatives. Value creation has the ability to have a proper understanding of the needs of customers and the strength of the expertise product (Dyduch et al., 2021) enhance and consolidate relations thus creating sustainable value depends on constructive stakeholder relations. Nuryakin et al. (2018) explain that organization needs to create new product and unique products, needs to specific its product and reallocate resources, to combine new resources, and combine existing resources in new market. According to Gurau (2004) as cited by Nuryakin et al. (2018) revealed that value creation concept is closely related with internal activities in creating of value for the customers. The organization internal

activities include design, product, market, delivery and other activities, which support the creation of a product.

2.1.1 Customer Value Creation

Customer value creation can be defined as being what customers get (benefits, quality, 0worth, utility) from the purchase and use of a product versus what they pay (price, costs, sacrifices), resulting in an attitude toward, or an emotional bond with the product (Smith & Colgate, 2018). Customer value creation is the process of delivering meaningful experiences and outcomes to customers that add value to their lives and create a long-term relationship between the customer and the company (Ranta et al., 2020). It involves understanding customer needs and wants and developing an offering that meets those needs and wants in a way that is both profitable and beneficial to the company. It is a continuous process of creating, delivering, and enhancing the value of products and services to customers. This includes both tangible and intangible benefits, such as convenience, entertainment, efficiency, and quality (Chatfield & Reddick, 2018). Customer value creation involves engaging customers in the development process, creating experiences and services that are tailored to the individual needs and wants of customers, delivering products and services that are designed to deliver value, and continually improving the customer experience (Sánchez-Gutiérrez et al., 2019).

Hill (2007) the amount of value a firm creates are measured by the differences between its costs of production and the value that consumers perceive in its product, customer places more value on firm's product which economist refers to as consumer surplus. The customer is able to do this because the firm is competing with other firms for customer's business. When customers receive products and services that meet their needs, they are more likely to be satisfied with the brand and can increase company's revenue. This leads to greater loyalty, repeat purchases, and referrals (An & Han, 2020). By providing customers with value-added products and services, companies can increase their revenue. This can lead to a strong customer base that can be leveraged for long-term success (Freudenreich et al., 2020). By providing customer value, companies can differentiate themselves from their competitors and gain a larger share of the market. In addition, by providing products and services that meet customer needs, companies can reduce their costs associated with rework, returns, and customer service (Matarazzo et al., 2021). Customer value creation is the process of delivering products and services to meet customer needs and expectations. It is an integral part of creating and sustaining customer relationships.

2.1.2 Stakeholder Value Creation

Stakeholder value creation refers to the process of generating benefits and value for the various stakeholders of an organization (Zumente & Bistrova, 2021). Stakeholders are individuals or groups that have an interest or are affected by the activities and outcomes of a company. They can include shareholders, employees, customers, suppliers, communities, and other entities. According to Miralles-Quirós et al. (2019), the concept of stakeholder value creation recognizes that a company's success and sustainability depend on meeting the diverse needs and expectations of its stakeholders, rather than solely focusing on maximizing profits for shareholders. Heil and Bornemann (2018) acknowledged that stakeholders contribute to and impacted by the organization's activities, and therefore, their interests should be taken into consideration in business decision-making. Stakeholder value creation involves engaging with stakeholders, understanding their expectations, and working towards

fulfilling their needs. It goes beyond financial performance and includes social, environmental, and ethical dimensions (Knauer et al., 2018). By creating value for stakeholders, organizations aim to foster positive relationships, enhance reputation, build trust, and achieve long-term success. By actively engaging stakeholders, organizations gain a better understanding of potential risks and challenges (Bessler et al., 2019). This insight allows them to proactively address issues, mitigate risks, and build resilience. By involving stakeholders in risk assessment and decision-making, organizations can tap into collective intelligence and perspectives, leading to more robust strategies and better risk management (Fernández, 2019). Stakeholder value creation involves actively engaging with a diverse range of stakeholders, considering their interests and needs, and striving to generate sustainable and multi-dimensional value over the long term (Battisti et al., 2020). Based on the extant literature review, the researcher defined stakeholder value creation as a strategic approach employed by organisations to create an optimum level of return for all stakeholders in an organization. This involves identifying and understanding the diverse interests of stakeholders such as shareholders, employees, customers, suppliers, and communities, and working towards generating value that goes beyond financial performance.

2.1.3 Strategic Value Creation

Aydin et al. (2018) defines strategic value creation as an ability to respond to varying demands coming from a company's dynamic competitive environment. Liyanage and Weerasinghe (2018) define strategic value creation as the company's ability to immediately respond to the changing conditions of the competition, and thus to maintain or improve its competitive advantage. Strategic value creation is considered as a vital feature, particularly for industries that have highly dynamic environmental conditions (Chin et al., 2020). Chin et al. (2020) further emphasize that a growing level of uncertainty increases the need of the company to embrace strategic value creation. Value creation strategies changes from tangible assets management to knowledge-based strategies creating and arranging the company's intangible assets. These include customer relationships, innovative products and services, high-quality and responsive operating processes, skills and knowledge of workforce, information technology supporting the work force and linking the firm to its customers and suppliers, and organizational climate that encourages innovation, problem-solving, and improvement (Ogunkoya, 2019).

2.1.4 Marketing Value Creation

Jones (2021) marketing value creation is a situation where the company and client are happy with the value created from the product or service purchase. Also, anything that offers benefit is value, and different firms are the sources of different value is term marketing value creation (Srivastava, 2016). Kotler (2020) states that marketing aims to meet human needs by creating value, meaning that marketing is intrinsically a value-creating discipline. The following features contain marketing value creation: the marketer chooses the product features and services that will deliver value, the marketer chooses prices that will create value in exchange, the marketer chooses channels of distribution that create accessibility and convenience value and the marketer chooses messages that describe the value their offerings create. Furthermore, exceptional marketing organizations see marketing as "intrinsically involved in value creation. Marketers are ever-present with a product idea, development, refining, and testing until they convinced that they have a winning

offer (Kotler, 2020). Jones (2021) further stated that the benefit of marketing value creation enhances organizations competing in global markets.

2.1.5 Customer Retention

Customer retention refers to the ability of a business to retain its customers over time (Giang et al., 2019). To accomplish this, companies must identify customers who are at risk of leaving and then proactively work to keep them. This can include offering discounts, rewards, special offers, and other incentives to encourage loyalty (Leninkumar, 2017). Kong and Rahman (2020) opined that customer can only be retained in an organisation when quality services are provided. Customer is the core factors to any business in order to gain an organizational success.

Companies should also strive to improve customer service and provide quality products and services to ensure customer satisfaction. Additionally, businesses should use customer feedback to identify areas in need of improvement and take action to make changes (Sabbah, 2018). Customer retention is by giving the customer what they expect; it is about exceeding their expectation so that they become loyal advocates for your brands. Retention and attraction of new customer are used as drivers for increasing market share, revenues and performance (Mbango, 2019). Customer retention is a marketing strategy that focuses on keeping customers loyal to a particular brand or product. It is a critical aspect of any business, as it helps to ensure that customers remain engaged and continue to come back for more products and services. Retention strategies can include loyalty programs, rewards, discounts, and other incentives to keep customers coming back.

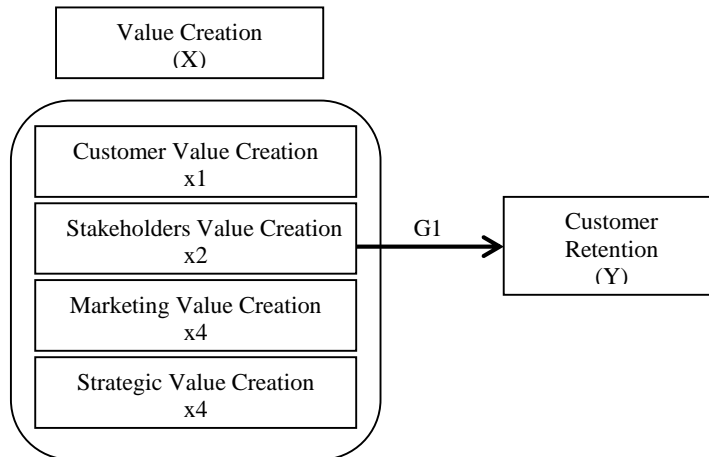
2.3 Theoretical Framework Entrepreneurship Innovation Theory

This study adopted the entrepreneurship innovation theory, which was propounded by Schumpeter (1949) as baseline theories for this study. According to this theory, entrepreneurs help the process of development in an economy; they are the people who are innovative, creative, and with foresight in a given community. The theory added that innovation occurs when the entrepreneur introduces a new product or a new production system, opens a new market, discovers a new source of raw materials or introduces a new organisation into the industry. He introduced the concept of innovation as key factor in entrepreneurship in addition to assuming risks and organising factors of production. Furthermore, he defined entrepreneurship as a creative activity. To him, an innovator who brings new products or services into the economy is given the status of an entrepreneur; and he regarded innovation as a tool of an entrepreneur Demirel and Mazzucato (2012) supported Schumpeter entrepreneurship innovation theory, that entrepreneurship innovation entail's introduction of new product, new method of production, opening new markets which in turn enhance superior market and firm performance.

2.4 Research Hypothesis

H₀: Value Creation dimensions have no significant effect on customer retention of quoted pharmaceutical companies in Nigeria.

2.5 Conceptual Model



Source: Researcher's Conceptual Model (2024)

3.0 Methodology

A survey research design was adopted for this study and primary data were sourced using well-structured and self-administered questionnaire. The population for the study includes 308 directors, executive management and marketing department staff of seven quoted pharmaceutical companies in Nigeria. The quoted pharmaceutical companies are Fidson Healthcare Plc, Glaxo Smithkline Consumer Nig. Plc, May & Baker Nigeria Plc, Neimeth International Pharmaceuticals Plc, Pharma-Deko Plc, and PZ Cussons Nigeria Plc. Pilot study was carried out using unquoted pharmaceutical companies in Ogun State to determine the relevance and dependability of the research instrument on value creation and customer retention. The pilot was considered necessary in order to determine the willingness of the respondents to have a fore knowledge of the reactions of the respondents and to ascertain the reliability of the questionnaires when used in an environment. The validity and reliability of the research instrument were tested with the returned copies of the questionnaire using Statistical Package Social Sciences (SPSS).

Table 1: KMO and Bartlett's Test of Sphericity

S/N	Variables	No. of Items	AVE	KMO	Bartlett Test
1	Customer Value Creation	6	0.612	0.660	186.278
2	Stakeholder Value creation	6	0.593	0.535	53.121
3	Strategic Value Creation	6	0.566	0.571	63.101
4	Marketing Value Creation	6	0.626	0.506	99.262
5	Customer Retention	6	0.534	0.549	115.970

Source: Researcher's Field Survey (2024)

The KMO test was greater than 5% and Bartlett test of Sphericity result was less than 5% indicating that statements that comprised the research instruments of each variable actually measured what were intended. The result of the KMO and Bartlett

test of Sphericity are shown in Table 1.

Table 2: Internal Consistency Reliability Result

S/N	Variables	No. of Items	Cronbach's Alpha Coefficient	Composite Reliability
1	Customer Value Creation	6	0.716	0.800
2	Stakeholder Value Creation	6	0.937	0.797
3	Strategic Value Creation	6	0.749	0.882
4	Marketing Value Creation	6	0.856	0.632
5	Customer Retention	6	0.842	0.793

Source: Researcher's Field Survey (2024)

The Cronbach's Alpha coefficient for all the study variables are above 0.70, which suggested that the instrument used for evaluation was highly reliable. Hence, the researcher affirmed that the research instrument used was reliable.

Model Specification

The independent variable is value creation measure with sub-variables of customer value creation, Stakeholder value creation, strategic value creation and marketing value creation. The dependent variable is customer retention. The model for the variables was denoted in the equations below:

Where,

$X1$ = Value Creation

$x1a$ = Customer Value Creation (CVP) $x1b$ = Stakeholder Value Creation (SVC) $x1c$ = Strategic Value Creation (STCV) $x1d$ = Marketing Value Creation (MVC) **and**

Y = Customer Retention (CR)

$X1 = (x1a, x1b, x1c, x1d, x1e)$

Regression Equation

$y1 = f(x1a, x1b, x1c, x1d)$

$y1 = \beta_0 + \beta_1x1a + \beta_2x1b + \beta_3x1c + \beta_4x1d + \epsilon_i$

$CR = \beta_0 + \beta_1CVCi + \beta_2SVCi + \beta_3STCVi + \beta_4MVCi + \epsilon_i$ ----- i

H₀: Value creation dimensions have no significant effect on customer retention of quoted pharmaceutical companies in Nigeria.

4.0 Result

Table 3: Multiple Regression of Entrepreneurial Orientation Dimensions on Customer Retention of Quoted Pharmaceutical Companies in Nigeria

N	Model	B	Sig.	T	ANOVA (Sig.)	R	Adjust ed R ²	F (4,297)
302	(Constant)	1.355	0.001	3.396	0.000 ^b	0.489 ^a	0.229	23.306
	Customer value creation	0.088	0.299	1.041				
	Marketing value creation	0.399	0.000	3.904				
	Stakeholders value creation	0.064	0.456	0.747				
	Strategic value creation	0.143	0.136	1.494				
	Predictors: (Constant), Customer value creation, marketing value creation, stakeholders value creation, strategic value creation							
Dependent Variable: Customer retention								

Source: Researcher's Findings, 2024 Interpretation

Table 3 shows the multiple regression analysis results for the components of value creation dimensions and customer retention of quoted pharmaceutical companies in Nigeria. The results showed that only market value creation ($\beta = 0.399$, $t = 23.306$, $p < 0.05$) has a positive and significant effect while customer value creation ($\beta = 0.088$, $t = 1.041$, $p > 0.05$), stakeholder value creation ($\beta = 0.064$, $t = 0.747$, $p > 0.05$) have a positive but insignificant effect on customer retention of quoted pharmaceutical companies in Nigeria. This implies that market value creation is an important factor in the workplace which in turn yields an increase in customer retention.

The R value of 0.489 supports this result and it indicates that value creation dimensions have an average positive relationship on customer retention of quoted pharmaceutical companies in Nigeria. The coefficient of multiple determination $\text{Adj}R^2 = 0.489$ indicates that about 48.9% variation that occurs in the customer retention in quoted pharmaceutical companies can be accounted for by the components of value creation while the remaining 51.1% changes that occurs is accounted for by other variables not captured in the model. The predictive and prescriptive multiple regression models are thus expressed:

$$\text{CR} = 1.355 + 0.088\text{CVC} + 0.399\text{MVC} + 0.064\text{StakVC} + 0.143\text{SVC} + U_i \quad \text{--- Eqn(i)}$$

$$(\text{Predictive Model}) \text{CR} = 1.355 + 0.399\text{MVC} + U_i \quad \text{--- Eqn(ii) (Prescriptive Model)}$$

Where:

CR = Customer Retention

CVC = Customer Value Creation MVC = Marketing Value Creation StakVC =

Stakeholder Value Creation SVC = Strategic Value Creation

The regression model shows that holding value creation dimensions to a constant zero, customer retention would be 1.355 which was positive. In the predictive model it is seen that of all the variables only market value creation is positive and significant so the management of the company need to give priority to those variables that is why it is the only variable included in the prescriptive model. The results of the multiple regression analysis as seen in the prescriptive model indicate that when market value creation was improved by one unit customer retention would also increase by 0.399 respectively. This implies that an increase in market value creation would lead to an increase in the rate of customer retention of quoted pharmaceutical companies in Nigeria. Also, the F-statistics ($df = 5, 297$) = 23.306 at $p = 0.000$ ($p < 0.05$) indicates that the overall model is significant in predicting the effect of value creation dimensions on customer retention which implies that value creation dimensions especially market value creation is an important determinant in the customer retention of quoted Pharmaceutical Companies in Nigeria. The result suggests that pharmaceutical companies should pay more attention towards developing market value creation to increase customer retention. Therefore, the null hypothesis (H_0) which states that value creation dimensions have no significant effect on customer retention of quoted Pharmaceutical Companies in Nigeria was rejected.

5.0 Discussion of Findings

The aggregated results of multiple regression analysis for the hypothesis showed that value creation (customer value creation, market value creation, stakeholder value creation, strategic value creation) have positive and significant effect on customer retention of quoted pharmaceutical companies in Nigeria ($\text{Adj. } R^2 = 0.229$; $F(4, 297) = 23.306$, $p < 0.05$). Thus, the combination of the independent sub variables was

significant in predicting customer retention of quoted pharmaceutical companies in Nigeria. Put differently, customer value creation, market value creation, stakeholder value creation and strategic value creation combined have statistically significant effect on customer retention of quoted pharmaceutical companies in Nigeria.

Empirically, McColl-Kennedy et al. (2017) examined co-creative customer practices: Effects of health care customer value co-creation practices on well-being. The study found that co-creative practices enhance individual well-being. Rashidirad and Salimian (2020) investigate SMEs dynamic capabilities and value creation: the mediating role of competitive strategy. Finding of the study revealed that radicality in product innovation and agility and flexibility have a strong relationship. Furthermore, the study also found that product innovation and agility and flexibility have high effect on the business performance. Asikhia (2010) research on customer's orientation, Results of this study indicated that there was a positive and significant relationship between customer orientation and firm performance. In another study by Ejike (2020) on marketing mix strategy, the study discovered that high product quality enhances sales performance of brewing firms, penetration pricing strategy enhances sales performance of brewing firms, nearness of distribution place to target market enhances sales performance of brewing firms and intensive promotion enhances sales performance of brewing firms. Ismaila (2019) study the result showed that product quality and customer satisfaction have significant positive effect on customer loyalty and customer satisfaction significantly moderates the relationship between product quality and customer loyalty. Similar study by Iheanacho et al. (2020) result obtained from analysis of data revealed that dairy packaging arouses the interest of consumers to make positive purchase decision for a particular dairy brand name and dairy products packaging contributes significantly to customer loyalty in Lagos metropolis which agreed with Andow, and Zainab (2019) finding that shows there is a strong positive relationship between the variables measured and customer retention and satisfaction.

5.1 Conclusion and Implication

This study concluded that value creation dimensions have positive and significant effect on customer retention of quoted pharmaceutical companies in Nigeria. Therefore, the implication is that the more the adoption of value creation dimensions (of marketing value creation, customer value creation and strategic value creation) the more the customer retention of the quoted pharmaceutical companies.

References

- Ajibo, H. (2020). Effect of COVID-19 on Nigerian socio-economic well-being, health sector pandemic preparedness and the role of Nigerian social workers in the war against COVID-19. *Social Work in Public Health*, 35(7), 511-522.
<https://doi.org/10.1080/19371918.2020.1806168>
- Agbobli, E. K., Oni, O., & Fatoki, O. (2017). Market Orientation and Performance of Small Businesses in South Africa. *Journal of Economics and Behavioral Studies*, 9(5), 135-143. [https://doi.org/10.22610/jeb.v9i5\(J\).1915](https://doi.org/10.22610/jeb.v9i5(J).1915).
- Akpa, V.O., Shodunke, O.O., Makinde, O.G. & Nwankwere I.A. (2022). Value Creation and Firm Innovativeness of Small and Medium-Sized Enterprises in

- Ogun State, Nigeria. *Journal of Strategic Management*, 7 (1), 22 – 37.
- Amporfro, D. A., Boah, M., Yingqi, S., Cheteu Wabo, T. M., Zhao, M., Ngo Nkondjock, V. R., & Wu, Q. (2021). Patients' satisfaction with healthcare delivery in Ghana. *BMC health services research*, 21(1), 1-13. <https://doi.org/10.1186/s12913-021-06717-5>
- An, M. A., & Han, S. L. (2020). Effects of experiential motivation and customer engagement on customer value creation: Analysis of psychological process in the experience-based retail environment. *Journal of Business Research*, 1(2), 389-397. <https://doi.org/10.1016/j.jbusres.2020.02.044>
- Arumona, J., Erin, O., Onmonya, L., & Omotayo, V. (2019). Board financial education and firm performance: Evidence from the healthcare sector in Nigeria. *Academy of Strategic Management Journal*, 18(4), 1-18 <https://www.abacademies.org/articles/board-financial-education-and-firm-performance-evidence-from-the-healthcare-sector-in-nigeria-8278.html>
- Asakitikpi, A. E. (2019). Healthcare coverage and affordability in Nigeria: an alternative model to equitable healthcare delivery. *Universal Health Coverage*, 4(5), 521-532. <https://doi.org/10.5772/intechopen.85978>
- Asaolu, T. O., Ogunkoya, O.A., Lasisi, O. J., Okuneye, M. Y., & Shodiya, O. A. (2014). Value creation and organizational sales performance in the Nigeria business environment: A study of SMEs. *Africa Development and Resources Research Institute (ADRR) Journal*, 6(2), 80-94.
- Asheq, A. A., & Hossain, M. U. (2019). SMEs performance: Impact of market, customer and brand orientation. *Market Studies Journal* 22(1), 1-9. <https://www.abacademies.org/articles/sme-performance-impact-of-market-customer-and-brand-orientation-7824.html>
- Bamfo, B. A., & Kraa, J. J. (2019). Market orientation and performance of small and medium enterprises in Ghana: The mediating role of innovation. *Cogent-Business and Management*, 6(1). doi.org/10.1080/23311975.2019.1605703
- Battilana, J., Obloj, T., Pache, A. C., & Sengul, M. (2022). Beyond shareholder value maximization: Accounting for financial/social trade-offs in dual-purpose companies. *Academy of Management Review*, 47(2), 237-258. <https://doi.org/10.5465/amr.2020.0003>
- Battisti, E., Miglietta, N., Nirino, N., & Villasalero Diaz, M. (2020). Value creation, innovation practice, and competitive advantage: Evidence from the FTSE MIB index. *European Journal of Innovation Management*, 23(2), 273-290. <https://doi.org/10.1108/EJIM-05-2019-0099>
- Bessler, W., Conlon, T., & Huan, X. (2019). Does corporate hedging enhance shareholder value? A meta-analysis. *International Review of Financial Analysis*, 6(1), 222-232. <https://doi.org/10.1016/j.irfa.2018.08.001>
- Borishade, T., Kehinde, O., Iyiola, O., Olokundun, M., Ibidunni, A., Dirisu, J., & Omotoyinbo, C. (2018). Dataset on customer experience and satisfaction in healthcare sector of Nigeria. *Data in brief*, 2(1), 1850-1853.
- Cabral, S., Mahoney, J. T., McGahan, A. M., & Potoski, M. (2019). Value creation and value appropriation in public and non-profit organizations. *Strategic Management Journal*, 40: 465-475
- Chatfield, A. T., & Reddick, C. G. (2018). Customer agility and responsiveness

- through big data analytics for public value creation: A case study of Houston 311 on-demand services. *Government Information Quarterly*, 35(2), 336-347.
- Fenny, A. P., Yates, R., & Thompson, R. (2018). Social health insurance schemes in Africa leave out the poor. *International Health*, 10(1), 1-3.
- Ejike, I. H. (2020). Effect of marketing mix strategy on sales performance of brewing firms: a study of Nigeria breweries, Enugu, Nigeria. *Ulysses International Journal of Humanities and Contemporary Studies*, 1(2), 1-19.
- Fernández, P. (2019). EVA and cash value added do not measure shareholder value creation. SSRN. [Link not available]
- Freudenreich, B., Lüdeke-Freund, F., & Schaltegger, S. (2020). A stakeholder theory perspective on business models: Value creation for sustainability. *Journal of Business Ethics*, 166(1), 3-18.
- Garfinkel, I., Sariscsany, L., Ananat, E., Collyer, S., Hartley, R. P., Wang, B., & Wimer, C. (2022). The benefits and costs of a child allowance. *Journal of Benefit-Cost Analysis*, 13(3), 335-362.
- Giang, M. H., Trung, B. H., Yoshida, Y., Xuan, T. D., & Que, M. T. (2019). The causal effect of access to finance on productivity of small and medium enterprises in Vietnam. *Sustainability*, 11(19), 54-65.
- Grover, V., Chiang, R. H., Liang, T. P., & Zhang, D. (2018). Creating strategic business value from big data analytics: A research framework. *Journal of management information systems*, 35(2), 388-423.
- Gurau, C. (2004). Positioning strategies in the value-added chain of the biopharmaceutical sector the case of UK SMEs. *The Journal of Consumer Marketing*, 21(7), 476 - 485. <https://doi.org/10.1108/07363760410568699>
- Hill, C.W.L. (2007). *International Business, Competing in the global marketplace*, sixth edition. McGraw-Hill, Hill International Business Edition, 408-412.
- Iheanacho, A. O., & Ogbechi, A. D. (2020). Influence of packaging and brand name on the customer perception of dairy product quality in Lagos, Nigeria. *Journal of Business and Management*, 22(5), 01-013.
- Ismaila, A. (2019). Moderating effect of customer satisfaction on the relationship between product quality and customer loyalty among food processing firms in Zaria, Kaduna State, Nigeria. *African Journal of Management* 4(4).
- Knauer, T., Silge, L., & Sommer, F. (2018). The shareholder value effects of using value-based performance measures: Evidence from acquisitions and divestments. *Management Accounting Research*, 4(1), 43-61. <https://doi.org/10.1016/j.mar.2017.05.003>
- Kong, C. W. & Rahman, M. A. (2020). Service Quality and Customer Retention in Malaysian Commercial Banks. *Journal of Business and Social Review in Emerging Economies*, 6(4), 1303-1312. www.publishing.globalcsrc.org/jbse
- Leninkumar, V. (2017). The relationship between customer satisfaction and customer trust on customer loyalty. *International Journal of Academic Research in Business and Social Sciences*, 7(4), 450-465.
- Mbunge, E. (2020). Effects of COVID-19 in South African health system and society: An explanatory study. *Diabetes & Metabolic Syndrome: Clinical Research & Reviews*, 14(6), 1809-1814.
- McColl-Kennedy, J. R., Hogan, S. J., Witell, L., & Snyder, H. (2017). Co-creative customer practices: Effects of health care customer value co-creation practices

- on well-being. *Journal of Business Research*, 109(3), 574-584.
- Mukhtar, S. A., Abdulkadir, A. A., & Umar, H. U. (2015). Entrepreneurial and marketing orientation relationship to performance. *Journal of Business and Management*, 7(26), 97-103.
- Miralles-Quirós, M. M., Miralles-Quirós, J. L., & Redondo Hernández, J. (2019). ESG performance and shareholder value creation in the banking industry: International differences. *Sustainability*, 11(5), 1404. <https://doi.org/10.3390/su11051404>
- Nangpiire, C., & Bangniyel, P. (2019). Entrepreneurial leadership, market orientation, and firm performance. *International Journal of Management Practice*, 4(1), 221-235. doi: 10.17265/2328-2185/2019.03.003
- Nuryakin, Aryanto, V. D. W. & Setiawan, M. B. (2018). Mediating effect of value creation in the relationship between relational capabilities on business performance. *Contaduría y Administración*, 63(1), 1-21.
- Nwankwo, C. A., Kanyangale, M. I. & Ojukwu, C. O. (2019). Market orientation and survival of small and medium enterprises in Nigeria. *Foundations of Management*, 1(1), 291–304. <http://doi.org/10.2478/fman-2019-0024>.
- O’Cass, A. & P. Sok. (2013). Exploring innovation driven value creation in B2B service firms: The roles of the manager, employees, and customers in value creation. *Journal of Business Research* 66(8), 1074-1084.
- Okusanya, A. O., Akpa, V O., & Akinlabi, B. H. (2021). Entrepreneurial orientation and market share of selected quoted consumer goods manufacturing companies in Nigeria. *International Journals of Engineering and Management Research*, 11(2), 64 – 74. <https://doi.org/10.31033/ijemr.11.2.9>.
- Onditi, E. O., Kibera, N. F., Aranga, M. J., & Iraki, X. N, (2020). The moderating effect of competitive intensity on the relationship between market orientation and performance of private security firms in Kenya. *The Strategic Journal of Business & Change Management*, 7(1), 47–65.
- Oleribe, O. O., Momoh, J., Uzochukwu, B. S., Mbofana, F., Adebisi, A., Barbera, T., & Taylor- Robinson, S. D. (2019). Identifying key challenges facing healthcare systems in Africa and potential solutions. *International Journal of General Medicine*, 1(2), 395-412.
- Olsen, R. K. (2021). The value of local news in the digital realm—introducing the integrated value creation model. *Digital Journalism*, 9(6), 810-834.
- Ouma, P. O., Maina, J., Thurania, P. N., Macharia, P. M., Alegana, V. A., English, M., ... & Snow, R. W. (2018). Access to emergency hospital care provided by the public sector in sub-Saharan Africa in 2015: A geocoded inventory and spatial analysis. *The Lancet Global Health*, 6(3), 342-350.
- Otterbein, M. (2020). Physical activity & the sustainable development goals: a public health approach towards advancing the power of movement. *Journal of Emerging Sports Studies*, 3(1), 283-295.
- Peprah, P., Budu, H. I., Agyemang-Duah, W., Abalo, E. M., & Gyimah, A. A. (2020). Why does inaccessibility widely exist in healthcare in Ghana? Understanding the reasons from past to present. *Journal of Public Health*, 28(1), 1-10.
- Potluri, R. M., & Angiating, G. (2018). A study on service quality and customer satisfaction in Nigerian healthcare sector. *The Journal of Industrial Distribution*

- & *Business*, 9(12), 7- 14.
- Ranta, V., Keränen, J., & Aarikka-Stenroos, L. (2020). How B2B suppliers articulate customer value propositions in the circular economy: Four innovation-driven value creation logics. *Industrial Marketing Management*, 8(7), 291-305.
- Rezvani, M. & Khazaei, M., 2014. Evaluation of Entrepreneurial Marketing Dimensions According to Characteristics of Institutions: Institutions Age and Size. *International Journal of Basic Sciences & Applied Research*, 3(4), 207-213.
- Riedl, B. (2022). The progressives' empty policy agenda: Utopian promises are not backed up with serious legislation. *The Governance, Security and Development NexusAfrica Rising*, 4(1), 315-339.
- Sabbah, S. F. (2018). Machine-learning techniques for customer retention: A comparative study. *International Journal of advanced computer Science and applications*, 9(2), 350- 365.
- Sánchez-Gutiérrez, J., Cabanelas, P., Lampón, J. F., & González-Alvarado, T. E. (2019). The impact on competitiveness of customer value creation through relationship capabilities and marketing innovation. *Journal of Business & Industrial Marketing*, 34(3), 618-627.
- Smith, B., & Jambulingam, T. (2018). Entrepreneurial orientation: Its importance and performance as a driver of customer orientation and company effectiveness among retail pharmacies. *International Journal of Pharmaceutical and Healthcare Marketing*, 3(1), 102-114.
- Umeh, C. A. (2018). Challenges toward achieving universal health coverage in Ghana, Kenya, Nigeria, and Tanzania. *The International Journal of Health Planning and Management*, 33(4), 794-805.
- Yalo, M. I., Enimola, D. J. & Nafiu, A. T. (2019). Effects of marketing strategies on the performance of small and medium-scale enterprises in Kogi state. *International Journal of Research and Innovation in Social Science*, 3(2), 24-38.
- Weinstein, A. H. (2020). Creating Superior Customer Value in the Now Economy. *Journal of Creating Value* 6(1), 20–33. doi: 10.1177/2394964319898962.
- Zumante, I., & Bistrova, J. (2021). ESG importance for long-term shareholder value creation: Literature vs. practice. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(2), 127. <https://doi.org/10.3390/joitmc7020127>